

## Economy

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## Markets In Brief

### p.9 MARKETS IN BRIEF: LEBANON'S CAPITAL MARKETS HOLDING BREATH AMID ESCALATING TENSIONS ON SOUTHERN BORDER

Amid escalating military Israel-Hamas conflict and elevated tensions in Southern Lebanon, and on fears of a broader conflict in the region, while Lebanon is reeling under a multifaceted crisis and an unprecedented institutional vacuum, and awaiting the launch of the Bloomberg currency exchange platform, the country's capital markets witnessed continuous stability in the LP/US\$ exchange rate on the parallel FX market, while bond prices dipped deeper into the red and equities extended their losing streak. In details, the LP/US\$ black market rate continued to hover between LP/US\$ 89,400 and LP/US\$ 89,700, while market players are watching military developments in the Middle East with bated breath, and the Central Bank of Lebanon is maintaining its improved disclosure policy. On the equity market, the BSE price index contracted by 3%, and the total turnover fell by 33% week-on-week to reach US\$ 5.1 million. Finally, Lebanese bond prices stood at 6.375 cents per US dollar across-the-board on Friday, extending last week's losing streak amid protracted domestic political vacuum, lingering reform uncertainties and mounting geopolitical concerns in the region.

### LEBANON MARKETS: OCTOBER 16 - OCTOBER 22, 2023

Money Market	↓	BSE Equity Market	↓
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## ECONOMY

### A 291% ANNUAL CPI INFLATION IN AUGUST

This August, the year-on-year Consultation & Research Institute's index of consumer prices has surged by 290.6% compared to results of August 2022.

All nine main indices registered increases this August. The highest increase was registered by the "Housing" category (1,353.5%), followed by the "Healthcare" category (644.3%), then by the "Other Goods and Services" category (607.4%), the "Recreation" category (381.6%) and the "Apparel" category (303.0%).

The August 2023 year-on-year "Food and Beverages" index has significantly increased by 228.0% since August 2022. All of the four main indices registered increases this month, as follows: the "Tobacco Products" category (301.7%), the "Alcoholic Beverages" category (248.2%), the "Nonalcoholic Beverages" category (232.9%) and the "Food" category (224.9%). The index for "Food" increased by 224.9% compared to its level last year, as all of the twelve food group indices have witnessed increases this August. The most significant increase was registered in the "Fruits" category (374.4%), followed by the "Food Away from Home" category (337.1%), the "Chocolate and Candy" category (318.2%), the "Other Food Products" category (260.1%), and the "Fish and Seafood" category (239.4%).

Apparel year-on-year prices registered 303.0% increase in August 2023. This was the result of the increase in the "Footwear" category (334.2%), and in the "Clothing and Sewing Materials" category (293.8%) this month.

The index for "Housing" has surged by 1,353.5% in August 2023 from its level last year. This was mainly due to the increase in the "Household Energy" category (1,845.1%), followed by the "Public Water Subscription" category (438.6%) and the "Household Maintenance" category (254.7%). The "Municipal Fees" category remained stable this month.

The "Durable Consumer Goods" index has increased by 269.4% since August 2022. All eight indices witnessed increases this August, most significantly those of the "Housekeeping Services" category (819.8%), followed by the "Glassware" category (331.0%), the "Miscellaneous Household Products" category (327.8%) and the "Cleaning Products and Services" category (284.2%).

The healthcare index has increased by 644.3% since August 2022. This is due to the increases registered in the "Health Insurance" category (10,157.0%), followed by the "Inpatient Services" category (1,471.0%), then by the "Medications and Medical Accessories" category (459.5%) and the "Outpatient Services" category (363.4%) in August 2023.

The CPI component for "Transportation and Telecommunications" has increased by 198.9% (year-on-year) in August 2023, due to the increase in the "Telephone Services" category (211.3%) and the "Transportation" category (198.6%).

The index for education has increased by 219.9% from the previous year, due to the significant increase in the "Tuition Fees" category (302.5%), followed by the "School Transportation" category (162.2%) and the "Educational Books and Supplies" category (117.2%).

The index for recreation has increased by 381.6% compared to its results in August 2022, due to the surge in the "Reading Materials and Photography" category (2,135.3%) and the "Movies and Restaurants" category (275.1%).

The index of "Other Goods and Services" has highly increased by 607.4% since August 2022. This was basically due to the increases registered in all of its four main indices, as follows: the "Jewelry" category (6,334.0%), the "Travel" category (1,900.0%), the "Financial Services" category (296.9%) and the "Personal Care" category (225.4%).

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## OPENED L/Cs FOR IMPORTS WITNESSED A DROP OF 33% IN THE FIRST SIX MONTHS OF 2023

Figures released by the Central Bank of Lebanon show that documentary letters of credits opened to finance imports activities in the first six months of 2023 recorded a 33.4% drop year-on-year standing at US\$ 98.8 million, against US\$ 148.3 million during the same period of the previous year.

Moreover, Utilized credits decreased by 14.8% year-on-year in the first six months of 2023 to reach US\$ 93.0 million, down from US\$ 109.1 million during the first six months of the previous year.

On the other hand, outstanding credits for import financing increased significantly by 17.9% year-on-year to reach US\$ 396.0 million in the first six months of 2023, up from US\$ 335.9 million during the same period of 2022. In parallel, inward bills for collection, another documentary credit form of financing, declined by 3.5% year-on-year in the first six months of 2023 to reach US\$ 100.8 million, versus US\$ 104.5 million in the same period of 2022.

On the side of outstanding bills for collection, a significant drop of 47.5% year-on-year was recorded to reach US\$ 147.0 million in the first six months of 2023, down from US\$ 279.9 million in the first six months of the year prior.

Documentary letters of credits opened to finance export activities worsened significantly and retreated by 54.1% in the first six months of 2023 recording US\$ 17.4 million, down from US\$ 37.9 million during the same period of the previous year.

Similarly, utilized credits for exports for the first six months of 2023 dropped by 65.0% to stand at US\$ 23.7 million down from US\$ 67.7 million during first six months of 2022.

On the other hand, outstanding credits for exports registered a year-on-year marginal increase to reach US\$ 551.1 million in the first six months of 2023, up from US\$ 551.0 million in the first six months of 2022.

Outward bills for collection, another documentary credit form of financing contracted by 35.2% in the first six months of 2023 to reach US\$ 61.0 million, versus US\$ 94.2 million over the same period of the previous year.

### DOCUMENTARY CREDITS FOR IMPORTS' FINANCING

(US\$ million)	2020	2021	2022	6M-2022	6M-2023	6M-23/6M-22
<b>Documentary L/Cs</b>						
Opened credits	342.9	112.6	268.3	148.3	98.8	-33.4%
Utilized credits	443.7	115.5	223.2	109.1	93.0	-14.8%
Outstanding credits	2,017.9	602.3	684.8	335.9	396.0	17.9%
<b>Bills for collection</b>						
Inward bills	307.8	212.1	191.2	104.5	100.8	-3.5%
Outstanding bills	410.6	540.0	519.8	279.9	147.0	-47.5%

### DOCUMENTARY CREDITS FOR EXPORTS' FINANCING

(US\$ million)	2020	2021	2022	6M-2022	6M-2023	6M-23/6M-22
<b>Documentary L/Cs</b>						
Opened credits	188.5	108.6	100.8	37.9	17.4	-54.1%
Utilized credits	408.6	68.9	77.2	67.7	23.7	-65.0%
Outstanding credits	3,403.3	1,520.3	1,092.4	551.0	551.1	0.0%
<b>Bills for collection</b>						
Outward bills	272.2	206.1	143.4	94.2	61.0	-35.2%
Outstanding bills	2,921.1	2,488.4	2,055.6	1,086.0	870.1	-19.9%

Sources: BDL, Bank Audi's Group Research Department

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Outstanding bills for collection recorded a contraction of 19.9% in the first six months of 2023 to reach US\$ 870.1 million, down from US\$ 1086.0 million in the first six months of 2022.

It is worth noting that effective February 1st 2023, as decreed by the Banque du Liban (BDL), the Lebanese Pound (LP) was re-pegged to the US Dollar (US\$) at the FX rate of LP 15,000/US\$, almost up ten-fold from the prior peg of LP 1,507.5/US\$. In turn, as the original data for documentary credits is in LP, the re-peg affects the valuation and the comparative study in the article.

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## NO HYDROCARBONS FOUND IN LEBANON'S BLOCK 9

The TransOcean Barents drilling rig which began to drill in Lebanon's Block 9 in late August was reported to have hit water. This entails that no oil or gas were found in the patch.

The consortium responsible for the drilling operation is made up of the French company TotalEnergies, the Italian company ENI and the Qatari state-owned company QatarEnergy.

It is worth noting that Block 9 is one of the blocks situated alongside the newly drawn maritime border between Lebanon and Israel, a border drawn up in 2022 following US mediation. Lebanon had previously hoped that gas and oil discoveries would help it reverse the economic crisis that has been ongoing for four years effectively eroding the country's reserves of foreign currency and depreciating the local currency by circa 98%.

Official confirmation came almost two days after leakages of information popped up claiming that the drilling operation found only water in the patch that was being drilled.

It is worth mentioning that prior to Block 9, another block was tested and came back with negative results for gas and oil presence. Block 4 which was tested years ago did not contain commercial quantities of hydrocarbons in its reservoirs.

According to a Legal Expert for hydrocarbons, each block contains multiple patches with the aforementioned negative results solely affecting the studied patch. This in turn means that Lebanon's Block 9 could still contain reservoirs of hydrocarbons in commercial quantities within other pockets of the block. If the drilling operation moves to another patch within the block commercial discoveries could still be made.

This has previously happened most notably in Egypt's Zohr gas field which ENI discovered and was one of the largest gas fields in the Mediterranean after Shell had abandoned the block following several unsuccessful explorations.

However, the Lebanese government mistakenly pinned hopes on a theoretical which brought the hopes of the Lebanese people up. In turn, the negative results paired with governmental silence has dealt a blow to societal morale within the country. Declaring Lebanon an "oil country" as well as beginning to take steps in creating an oil fund were premature steps that should've only been taken following positive results from the exploration, as per the Legal Expert for hydrocarbons.

On the other hand, according to a Consultant in Petroleum Affairs, the announcement of the results before the deadline of the mission came as a surprise. The timing of the result announcement raises questions about possible international pressure on Lebanon to ensure its neutrality towards the Israel-Hamas war as tensions rise between the country and Israel in the South.

It is worth noting that the exploratory drilling mission was set to be completed by the end of October according to the original 67 day deadline set by TotalEnergies for the Qana-31/1 well.

Additionally, if no discoveries were truly made in Block 9, this would also affect Blocks 8 and 10 which the consortium had submitted bids for and would revive questions about the purpose to demarcate the southern exclusive economic zone, as per the Consultant in Petroleum Affairs.

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## SURVEYS/REPORTS

### FIVE LEBANESE UNIVERSITIES IN THE TIMES HIGHER EDUCATION WORLD UNIVERSITY RANKINGS 2024

Times Higher Education (THE) has released its list for THE World University Rankings 2024, including a record of 1,904 universities from 108 countries, making it the largest in the ranking's 20th edition.

Lebanon was present in the ranking with 5 Lebanese universities, namely AUB, LAU, the Beirut Arab University, the Lebanese University and USJ.

AUB ranked first in Lebanon, with an overall score of 41.9-45.3 and a world ranking of 501-600. AUB actually scored 29.7 on Teaching, 17.9 on Research environment, 73.5 on Research quality, 66.0 on Industry and 72.9 on International Outlook.

LAU ranked second in Lebanon, scoring a result of 41.9-45.3 and 501-600 in the world ranking.

The Beirut Arab University ranked third in Lebanon, scoring 41.9-45.3 (overall) and 501-600 in the world ranking. The Beirut Arab University has produced the best result in terms of the international outlook, scoring 88.2.

The Lebanese University scored 32.7-36.9 (overall) and 801-1000 in the world ranking, making it 4th in Lebanon.

Ranking fifth in Lebanon, the USJ scored an overall result of 22.8-28.2 and 1,201-1,500 in the world ranking.

The Times Higher Education World University Rankings provide an extensive overview of a university's quality through an analysis of 15.5 million research publications, 121 million citations, and 40,000 responses to an annual academic survey.

The data and points cover a university's teaching, international outlook, and industry links. The Institutions are then measured across 13 separate performance metrics, including the most comprehensive picture of excellence among world-class universities.

#### TIMES HIGHER EDUCATION WORLD UNIVERSITY RANKINGS 2024

University	World Ranking	Overall score	Teaching	Research Environment	Research Quality	Industry	International Outlook
American University of Beirut	501-600	41.9-45.3	29.7	17.9	73.5	66.0	72.9
Lebanese American University	501-600	41.9-45.3	26.7	13.2	76.4	32.8	84.2
Beirut Arab University	501-600	41.9-45.3	48.5	24.6	47.3	18.6	88.2
Lebanese University	801-1000	32.7-36.9	42.8	22.3	23.6	17.7	78.8
Universite Saint Joseph	1201-1500	22.8-28.2	32.6	10.9	24.2	27.0	69.7

Sources: Times Higher Education, Bank Audi's Group Research Department

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## TOTAL VEHICLE SALES TO CONTRACT BY 8.6% IN 2023 ACCORDING TO FITCH SOLUTIONS

A new report by Fitch Solutions was issued on the Auto sector. They believe total vehicle sales in Lebanon will remain weak and under significant pressure in 2023 as the delays in reaching a deal with the IMF and continued high inflation severely hinder the spending ability of consumers and businesses in the country.

They forecast total vehicle sales to contract by 8.6% in 2023 following a 38.5% rebound in 2022, before expanding by 2.7% in 2024.

The report undertakes a SWOT analysis for the sector. At the level of Strengths, they mention:

- A fast-growing and young population underlines the market's long-term potential, should longstanding political and economic challenges be overcome.
- The market offers potential in both the volume and high-end segments.
- Many foreign carmakers are present in the market.

At the level of Weaknesses, they mention:

- Lebanon's new passenger vehicle sales market has shrunk to one 10th of the size it was in 2015, with little sign of sales returning back to this level before the end of our forecast period in 2032.
- Demand for new vehicles remains constrained by high auto financing rates and the very weak Lebanese pound.
- New car ownership remains out of reach for the vast majority of citizens, with unemployment now estimated to be well above 40% and inflation forecast to remain high as per their Country Risk team.

With respect to Opportunities, they mention:

- There are growing indications that Lebanon's new vehicle sales market has now reached a bottom, with a high likelihood that 2022 has represented the first year of positive growth for the sector since 2015.
- They believe that hybrid and electric vehicles will gain in popularity over the long term.
- They believe that demand for SUVs will rise over our forecast period to 2032, as incomes rise and with SUVs being well positioned to weather the poor standard of road infrastructure across much of the country.
- The country has an ageing national vehicle fleet, presenting a clear sales opportunity for carmakers over the medium term.

Finally, with respect to Threats, they mention the following:

- They expect political tensions to remain elevated over the near term, with any resultant negative economic impact also liable to undermine new vehicle sales.
- Should the government decide to prioritise public transport in the years ahead, this would present downside risks to their current forecasts.

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## CORPORATE NEWS

### AUF LAUNCHES THE 12TH EDITION OF FEMME FRANCOPHONE ENTREPRENEURE

The Agence Universitaire de la Francophonie (AUF) with the help of its partners have launched the 12th edition of the Femme Francophone Entrepreneure competition. The competition recognizes and rewards startups from Lebanon and the wider MENA region. This comes as a continuation of its 11 years long efforts dedicated to supporting female entrepreneurship. The competition is jointly organized by the Middle East branch of AUF and Berytech, in partnership with L'Orient Le Jour.

The results were announced during the final event hosted at the AUF Francophone Employability Center. The competition comprised of 33 initial applications, cut down to 10 participants in the capacity building phase, then to seven in the semi-finals to ultimately leave three winners in the end.

The three companies that won the competition were:

- "Metle Metlik" which is an educational digital platform developed by two female doctors (an Obstetrician-Gynecologist and a Sexologist Hypnotherapist). The platform is dedicated to women's reproductive and sexual health. This platform was the grand winner of the 2023 Francophone Women Entrepreneurs Prize. The mission of this project is to offer comprehensive educational support on reproduction and sexuality to Arab women throughout their lives through the usage of pre-recorded online courses, webinars and interactive chats. The initial focus markets include Lebanon and Saudi Arabia.
- "Gaio Cosmetics", a venture created in 2020, offers a curated range of personalized cosmetic products made for all skin types.
- "Vie trail" which offers a re-imagination of stained glass, creating personalized souvenirs and art objects that stand as a commitment to innovation and Lebanese cultural heritage.

The runner-ups of the competition were:

- "Alex-stars" which launched in 2018 from Alexandria and focuses on organizing social events within French-speaking communities and family circles through Facebook and Word-of-Mouth.
- "Ata3allam" which is a platform that teaches the Arabic curriculum to children aged four to eight years old. The teaching is undertaken using interactive technology and playful methods. The platform offers over 400 exercises, 30 educational and entertaining videos and songs to facilitate the learning of the Arabic language for children.
- "Rowine" which is taking steps in a bid to revive peach farming in the Bickfaya region. The company transforms peaches into liqueur which can be consumed year around.
- "Ta Mabsouta" which specializes in creating educational and therapeutic materials tailored for teachers and speech therapists in the Arabic language. The primary goal of the company is to fill the gap in educational and therapeutic resources in Arabic and promoting evidence-based practices.

### DUBAI'S IHC LAUNCHES HUMANITARIAN AIR BRIDGE TO LEBANON AND EGYPT

Dubai's International Humanitarian City (IHC) has announced the launch of a humanitarian air bridge operation in a bid to transport essential medical supplies and food assistance to Lebanon and Egypt.

The operation launched by the IHC comes in preparation for and in response to the growing challenges stemming from the current ongoing crisis in the region.

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Additionally, the humanitarian air bridge operation comes in response to an immediate request for aid from the World Health Organization (WHO), the World Food Program (WFP) and the United Nations Children's Fund (UNICEF).

According to the CEO of Dubai's IHC, the humanitarian air bridge was quickly established in order to transport urgently needed relief supplies to the populations affected by the escalating crisis in the MENA region.

The mobilization comes as cooperation with the countries of the region during times of conflict and dire need as IHC leverages its network and resources in order to bolster humanitarian efforts, supporting rapid responses to humanitarian crises, improving emergency readiness and saving innocent lives.

The initial shipment which consisted of more than 11 metric tons of essential supplies from WFP's and UNICEF's stockpile departed from Dubai and arrived to Al Arish in the North Sinai Governorate of Egypt.

The supplies include water, sanitation, hygiene, dignity kits, crucial aid materials and essential food provisions. In the case of Egypt, the humanitarian aid delivery greatly improves the response capacity through the Egyptian Red Crescent through ensuring the proper equipment of communities in order to address urgent requirements resulting from the crisis. Additionally, the considerable quantity of food items will help alleviate the impact of food shortages on the most vulnerable segments of the population.

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## THE SAUDI KSRELIEF INCREASES RELIEF EFFORTS IN LEBANON AND OTHER COUNTRIES

The Saudi King Salman Humanitarian Aid and Relief Center (KSrelief) has increased its relief efforts in Lebanon, Yemen, Afghanistan and Pakistan.

In Lebanon, KSrelief in cooperation with the ambulance service of Subul Al-Salam Social Association in Miniyeh, Northern Lebanon have carried out 52 emergency missions in a single week.

The missions varied between the transporting of patients to and from hospitals and providing ambulance services for victims of car accidents within the city of Miniyeh.

It is worth noting that the KSrelief Assistant Supervisor-General for Planning and Development has reviewed the projects and programs that KSrelief has implemented in 94 countries around the world at a total cost of circa US\$ 6.5 billion. Additionally, the center has implemented 448 voluntary programs in 35 countries through which 126,000 surgeries were performed.

In Yemen, the rehabilitation center in the Taiz Governorate provided 1,371 services to 374 beneficiaries in a single month. The services included the manufacture, fitting, delivery and maintenance of prosthetic limbs for 139 patients. Additionally other treatments were given and tents as well as shelter bags were handed out to the displaced in the Dar Saad District of Aden Governorate.

In Afghanistan, the organization distributed 500 food baskets in the Muqr District in the Ghazni Province as well as 500 food baskets in the city of Nirkh District, Wardak Province in addition to various food aid packages for those affected by the earthquake in Western Afghanistan.

KSrelief also provided 270 shelter bags to those affected by the floods in Kasur City in the Punjab Province of Pakistan.



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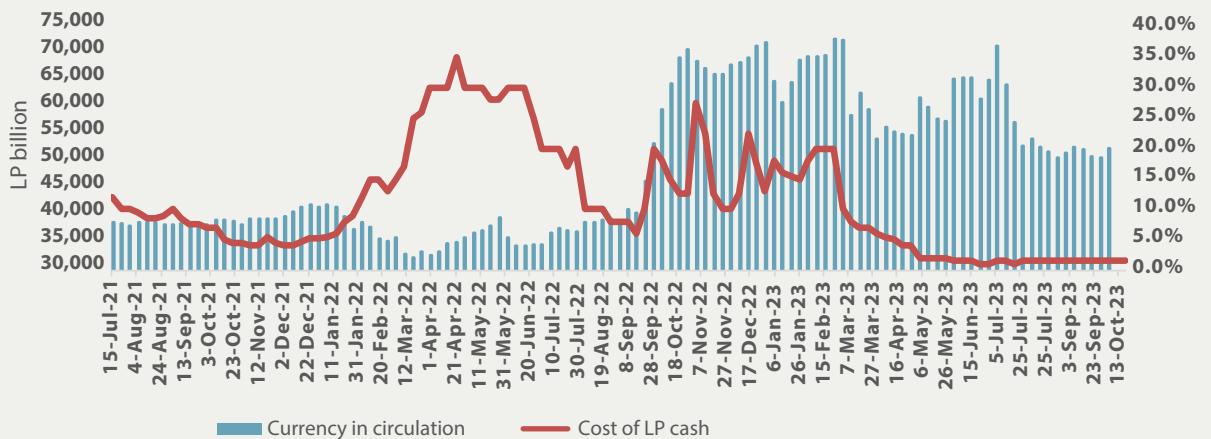
## CAPITAL MARKETS

### MONEY MARKET: LARGE CONTRACTIONS IN TOTAL RESIDENT DEPOSITS WEEK-ON-WEEK

The overnight rate, which is a non-cash rate on the money market, rose from 20% last week to 40% this week, while the cost of LP cash stayed quoted at 1%-2%.

In parallel, the latest monetary aggregates released by the Central Bank of Lebanon for the week ending 5th of October 2023 showed that total resident banking deposits contracted significantly by LP 13,059 billion. This is mainly attributed to a LP 16,852 billion fall in foreign currency resident deposits (the equivalent of US\$ 1,123 million as per the official rate of LP 15,000), while total LP resident deposits increased by LP 3,793 billion amid a LP 3,565 billion increase in LP demand deposits and a LP 229 billion rise in LP saving deposits. Within this context, the money supply in its broadest sense (M4) contracted significantly by LP 10,311 billion over the covered week amid a LP 1,816 increase decline in the currency in circulation and a LP 932 billion rise in the non-banking sector Treasury bills portfolio.

#### MONEY MARKET ACTIVITY



### TREASURY BILLS MARKET: NOMINAL WEEKLY SURPLUS OF LP 141 BILLION

The latest Treasury bills auction results for value date 19th of October 2023 showed that the Central Bank of Lebanon allowed banks to subscribe in full to the six-month category (offering a yield of 4.00%), the two-year category (offering a yield of 5.00%) and the ten-year category (offering a coupon of 7.00%).

The Treasury bills auction results for value date 12th of October 2023 showed subscriptions of LP 216 billion, fully allocated to the Central Bank of Lebanon and distributed as follows: LP 100 billion in the three-month category (offering a yield of 3.50%), LP 116 billion in the one-year category (offering a coupon of 4.50%) and LP 8 billion in the five-year category (offering a coupon of 6.00%). These compare to maturities of LP 75 billion, which resulted into a nominal weekly surplus of LP 141 billion.

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## TREASURY BILLS

	20/10/2023	13/10/2023	30/12/2022	
3-month	3.50%	3.50%	3.50%	↔
6-month	4.00%	4.00%	4.00%	↔
1-year	4.50%	4.50%	4.50%	↔
2-year	5.00%	5.00%	5.00%	↔
3-year	5.50%	5.50%	5.50%	↔
5-year	6.00%	6.00%	6.00%	↔
10-year	7.00%	-	7.00%	
<b>Nom. Subs. (LP billion)</b>		<b>216</b>	<b>1</b>	
Short-term (3&6 mths)		100	-	
Medium-term (1&2 yrs)		116	-	
Long-term (3 yrs)		-	1	
Long-term (5 yrs)		0.01	-	
<b>Maturities</b>		<b>75</b>	<b>193</b>	
<b>Nom. Surplus/Deficit</b>		<b>141</b>	<b>-192</b>	

Sources: Central Bank of Lebanon, Ministry of Finance

## FOREIGN EXCHANGE MARKET: PARALLEL FX MARKET REMAINING STABLE DESPITE DEEPENING MIDDLE EAST CONFLICT

Despite mounting fears that the military Israel-Palestine conflict could spiral out of control in the region, and awaiting the launch of the Bloomberg currency exchange platform aimed to promote transparency and governance in an emerging cash economy, the LP/US\$ black market rate continued to register marginal movements over this week, reaching LP/US\$ 89,400-LP/US\$ 89,700 on Friday.

In parallel, the Central Bank of Lebanon maintained its disclosure policy. Within this context, BDL unveiled in its bi-monthly balance sheet ending 15th of October 2023 that its liquid foreign assets reached US\$ 8.78 billion mid-month against US\$ 8.57 billion at end-July, which marks an expansion of US\$ 206 million after the first deputy governor of the Central Bank took over as interim Chief. Concurrently, the currency in circulation outside BDL contracted LP 992 billion between end-July 2023 and 15th of October 2023.

## EXCHANGE RATES

	20/10/2023	13/10/2023	30/12/2022	
LP/US\$	15,000.00	15,000.00	1,507.50	↔
LP/£	18,180.00	18,321.00	1,813.97	↑
LP/¥	100.01	100.20	11.27	↑
LP/SF	16,819.91	16,547.16	1,628.67	↓
LP/Can\$	10,953.70	10,973.74	1,108.21	↑
LP/Euro	15,879.00	15,831.00	1,603.83	↓

Source: Bank Audi's Group Research Department

## STOCK MARKET: FURTHER EQUITY PRICE FALLS FOR SECOND CONSECUTIVE WEEK

The Beirut Stock Exchange extended its losing streak for the second week in a row, as reflected by a 3.2% contraction in the price index. Five out of six traded stocks registered price contractions, while one stock posted price gains.

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A closer look at individual stocks shows that BLOM's GDRs led the decline on the BSE this week, shedding 13.7% to US\$ 2.15, followed by Bank Audi's "listed" shares with -13.6% to US\$ 1.90, Holcim Liban's shares with -9.1% to US\$ 60.00, Solidere "B" shares with -5.2% to US\$ 72.65 and Byblos Bank's "listed" shares with -5.0% to US\$ 0.76. In contrast, Solidere "A" share price edged up by 0.5% to US\$ 75.45.

As to trading volumes, the BSE total trading value contracted by 33.4% week-on-week, moving from US\$ 7.6 million (excluding block trades) last week to US\$ 5.1 million, noting that Solidere shares captured 99% of the total.

## AUDI INDICES FOR BSE

	20/10/2023	13/10/2023	30/12/2022	
Market Cap. Index	754.37	779.32	614.50	↓
Trading Vol. Index	46.27	69.48	96.84	↓
Price Index	158.37	163.61	129.00	↓
Change %	-3.20%	-0.84%	1.30%	↓
	20/10/2023	13/10/2023	30/12/2022	
Market Cap. \$m	17,897	18,489	14,578	↓
No. of shares traded (Exc. BT)	81,844	181,436	187,711	↓
Value Traded \$000 (Exc. BT)	5,091	7,649	6,415	↓
o.w. : Solidere	5,042	7,410	6,349	↓
Banks	27	168	66	↓
Others	23	72	0	↓

Sources: Beirut Stock Exchange, Bank Audi's Group Research Department

## BOND MARKET: FURTHER NOSEDIVE IN LEBANESE BOND PRICES

Amid deepening Middle East crisis and fears of a wider conflict in the region, elevated geopolitical risks continued to weigh on Lebanon's Eurobond market over this week. Prices of sovereigns maturing between 2020 and 2037 posted weekly price contractions of 0.13 pt to 1.75 pt, reaching 6.375 cents per US dollar on Friday against 6.375-6.500 cents per US dollar at the end of last week. Accordingly, year-to-date bond price gains were limited to 0.50 pt-0.75 pt.

## EUROBONDS INDICATORS

	20/10/2023	13/10/2023	30/12/2022	
Total tradable size \$m	31,793	31,793	31,793	↔
o.w.: Sovereign bonds	31,314	31,314	31,314	↔
Bid price (cents per US dollar)	6.375	6.375-6.500	5.50-5.88	↓
Average Life	4.74	4.75	5.34	↓
Yield on US 5-year note	4.92%	4.60%	3.94%	↑

Source: Bank Audi's Group Research Department

# Bank Audi

## INTERNATIONAL MARKET INDICATORS

	20-Oct-23	13-Oct-23	31-Dec-22	Weekly change	Year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	149.86	149.57	131.11	0.2%	14.3%
\$/£	1.216	1.214	1.208	0.2%	0.7%
\$/Euro	1.059	1.051	1.071	0.8%	-1.0%
<b>STOCK INDICES</b>					
DOW JONES INDUSTRIAL AVERAGE	33,127.28	33,670.29	33,147.25	-1.6%	-0.1%
S&P 500	4,224.16	4,327.78	3,839.50	-2.4%	10.0%
NASDAQ	12,983.81	13,407.23	10,466.48	-3.2%	24.1%
CAC 40	6,816.22	7,003.53	6,473.76	-2.7%	5.3%
Xetra Dax	14,798.47	15,186.66	13,923.59	-2.6%	6.3%
FT-SE 100	7,402.14	7,599.60	7,451.74	-2.6%	-0.7%
NIKKEI 225	31,259.36	32,315.99	26,094.50	-3.3%	19.8%
<b>COMMODITIES (in US\$)</b>					
GOLD OUNCE	1,981.40	1,932.82	1,824.02	2.5%	8.6%
SILVER OUNCE	23.37	22.72	23.95	2.9%	-2.4%
BRENT CRUDE (per barrel)	92.16	90.89	83.10	1.4%	10.9%
<b>LEADING INTEREST RATES (%)</b>					
Term SOFR 1-month	5.33	5.34	4.36	0.00	0.97
US Prime Rate	8.50	8.50	7.50	0.00	1.00
US Discount Rate	5.50	5.50	4.50	0.00	1.00
US 10-year Bond	4.91	4.61	3.87	0.30	1.04

Sources: Bloomberg, Bank Audi's Group Research Department

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